

STATEMENT OF
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HEARING ON
THE FEDERAL AVIATION ADMINISTRATION'S AIRPORT IMPROVEMENT PROGRAM
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- I want to welcome everyone to the fourth of our hearings on the Federal Aviation Administration (FAA) reauthorization. This hearing focuses on the FAA's Airport Improvement Program (AIP).
- The FAA estimates that during the next five years, there will be \$41.2 billion of AIP-eligible infrastructure development, an annual average of \$8.2 billion. The Airports Council International – North America (ACI-NA) estimates total airport capital development costs – including the cost of non-AIP-eligible projects – to be about \$17.5 billion per year from 2007 through 2011.
- While the FAA acknowledges that airport capital needs are up, the FAA's new three year proposal provides approximately \$1.5 billion less for the AIP program than what the FAA requested for the first three years of its last reauthorization proposal - the *Centennial of Flight Aviation Authorization Act*. I believe that we will likely need a more robust AIP program than what the FAA has suggested.
- I am particularly concerned about the impact of these cuts on smaller airports. AIP grants are generally a larger source of capital funding for smaller airports. The GAO will testify today that 64 percent of the capital funding for smaller airports comes from AIP.
- The FAA is proposing a number of interesting changes to the AIP program that it believes would help it target more active small airports. However, even with the FAA's programmatic changes, there would be less total funding for programs traditionally and specifically associated with small airports when compared with the current structure and funding levels.

- Further, under the FAA's proposal there may be some winners and losers when it comes to small airports. For example, while busier small airports would receive larger nonprimary entitlement grants than they now receive, the FAA estimates that several airports that are eligible to receive nonprimary entitlement grants would no longer be eligible. I look forward to hearing from our FAA witness regarding why the FAA believes that these airports are no longer deserving of AIP eligibility.
- The FAA believes that its cuts to the AIP program would be offset by raising the current \$4.50 cap on the PFC to \$6.00. The PFC cap has not been raised since 2000, and many in the airport community believe that inflation and construction cost increases have eroded the PFC's value. The FAA estimates that increasing the PFC cap to \$6.00 would generate an additional \$1.5 billion for airport capital development.
- I believe the PFC has been an important tool in improving and expanding our airports and I have an open mind as far as increasing the PFC to combat any loss of purchasing power or to adjust for inflation.
- In addition, the FAA proposes to greatly expand PFC eligibility for airport capital projects. More specifically, the FAA's proposal would expand PFC eligibility to encompass any airport capital project that is eligible to be funded with airport revenue, provided that the project is not anticompetitive. I do have concerns with expanding eligibility beyond our current requirements.
- Some have argued that the PFC is essentially "local money," and therefore there should be more local control over how PFCs can be spent. I believe that a significant portion of PFC revenue comes from interstate passengers. Therefore, money taken from those passengers should be used to promote national policy goals, such as increased capacity, safety and competition within our integrated system.
- With that, I want to again welcome the FAA today and I look forward to the testimony.